

FISCAL NOTE

Bill #: HB0014

Title: Long-range building general obligation bonds

Primary

Sponsor: Matt McCann

Status: Second Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
-------------------	------	---------------------------------	------

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	665,000	1,529,838
Revenue:		
General Fund	0	0
Net Impact on General Fund Balance:	(\$665,000)	(\$1,529,838)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. The bonds will be issued beginning May 2002, consistent with the schedule in information note 1.
2. All bonds will be retired by the general fund.
3. All bonds will have a 20-year term, except the PBS digital conversion that will have a 10-year term.
4. The debt service for the 2003 biennium was calculated using a 5.12% interest rate for the 20-year bonds and a 4.35% interest rate for the 10-year bonds.

(continued)

5. Beginning in FY 2002, there will be \$665,000 of the debt service for the 1996D, 1997B and 1999C bond issues paid from the general fund instead of the LRBP account, thereby leaving more in the account for future maintenance needs.
6. The proceeds from the sale of the STARC Armory (estimated to be \$1.2 million) were to be used to pay a portion of the debt service for the DPHHS building. The proceeds from the sale were to be deposited in the general fund for that purpose. Since the DPHHS building and the language governing the use of the proceeds from the sale of the armory have been eliminated from the bill, if the armory is sold, the revenue will be deposited to the general fund and will not be used for debt service.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Debt Service	665,000	1,529,838
<u>Funding:</u>		
General Fund (01)	665,000	1,529,838
<u>Revenues:</u>		
General Fund (01)	0	0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(665,000)	(1,529,838)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Jobs and income will result from the construction projects.

LONG-RANGE IMPACTS:

If this bill is approved, the general fund portion of debt service will be approximately \$2.252 million in FY 2004 and \$2.777 million in FY 2005, based on information note 2.

TECHNICAL NOTES:

1. On page 3, line 25.

Strike: "\$81,310,000"

Insert: "\$23,133,000"

The amount must be changed to reflect the current status of the bonded program. The total bonded program is currently \$25,025,286 (\$23,133,000 = 20-year bonds and \$1,892,286 = 10-year bonds).

SUPPORTING DOCUMENTATION:

Information Note 1:

Bonded Program – LRBP 2002-2003 Biennium Issuance Schedule				
Project	May 2002	May 2003	May 2004	Total
Renovate Chemistry Bldg, UM	552,500	5,797,500		6,350,000
Renovate Liberal Arts Bldg, MSU-B	3,220,000			3,220,000
Renovate Linfield & MT Hall Exteriors, MSU	1,450,000			1,450,000
Construct Dillon Armory		140,000	1,800,000	1,940,000
Construct Central Reception Unit, MSP	345,000	2,695,000	1,960,000	5,000,000
Upgrade Cowan Hall HVAC, MSU-N	2,173,000			2,173,000
Install PBS Digital Conversion	1,892,286			1,892,286
Ag Experiment Stations		283,000	717,000	1,000,000
Applied Tech Center MSU-N			2,000,000	2,000,000
	9,632,786	8,915,500	6,477,000	25,025,286

Information Note 2:

See following page.

Debt Service Plan: Long Range Building Program and Information Technology Bonds

(General Fund in millions)

Fiscal Year	General Fund Current Fiscal Year Total	HB14 NEW LRBP Debt	Projected Fiscal Year Total
2001	18.909	0.000	18.909
2002	19.133	0.665	19.798
2003	18.573	1.530	20.103
2004	17.265	2.252	19.517
2005	16.231	2.777	19.008
2006	17.015	2.777	19.792
2007	16.958	2.777	19.735
2008	16.888	2.777	19.665
2009	12.806	2.777	15.583
2010	12.421	2.777	15.198
2011	10.090	2.777	12.867
2012	10.089	2.777	12.866
2013	10.089	2.777	12.866
2014	8.439	2.777	11.216
2015	8.298	2.777	11.075
2016	6.811	2.777	9.588
2017	6.830	2.777	9.607
2018	6.571	2.777	9.348
2019	3.787	2.777	6.564
2020	2.509	2.112	4.621
2021	1.197	2.112	3.309
2022	0.000	2.112	2.112
2023	0.000	1.248	1.248
2024	0.000	0.525	0.525
TOTALS:	240.910	54.211	295.121

Includes estimated debt service for anticipated May 2001 LRBP issue.
 The \$665,000 general fund payment for the 1996D, 1997B and 1999C bonds would continue through FY 2019 which coincides with the last payment scheduled for the 1999C bond issue.